

MARCH 1st, 1896.

FACTS FOR THE PEOPLE, NO. 2.

Debt, Expenditure, Deficits, and Taxes.

"We cannot but view with alarm the large increase of the public debt and of the controllable annual expenditure of the Dominion and the consequent undue taxation of the people under the Governments that have been continuously in power since 1878, and we demand the strictest economy in the administration of the Government of the country."—(*4th Resolution in the Liberal Platform.*)

CONTENTS.

	PAGES.		PAGES.
The Public Debt.....	2, 4	Deficits	5
Expenditure Increased	2	Interest Goes Abroad.....	6
Comparison in Expenditure, 1878-1893	2, 3	Products to Pay Interest.....	6
Expenditure since Confederation	3	Receipts from Taxes.....	6
Comparative Statement.....	3	N. P. Taxes.....	7
Increase of Controllable Expenditure.	3	A Double Mis-statement.....	7, 8
The Debt, Ten-Year Periods	5	Expenditure during Mackenzie's Ad- ministration.....	7, 8
Other Debts.....	5		

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THE PUBLIC DEBT.

The public debt of Canada is a heavy burden and a serious drag upon our progress, and the gross interest charge, amounting for the year 1895 to \$10,466,294, is an onerous annual drain which can only be reduced by the diminution of the public debt. This debt has been recklessly incurred, and the spending of the money has no doubt been a pleasant pastime. The payment of the debt will be a different matter, and will cost effort, self-denial, economy and sacrifice.

On June 30th, 1895, the gross public debt amounted to \$318,048,754. From this amount, according to the Public Accounts, is to be deducted assets to the amount of \$64,973,827, leaving the net debt at that date \$253,074,927. This sum is equal to a charge of \$50 per head upon each individual in the Dominion, and is a mortgage of \$10 per acre on each acre of improved land in the Dominion. The net debt has increased over \$112,500,000 since Mr. Mackenzie went out of office in 1878.

PUBLIC EXPENDITURE HAS INCREASED ALARMINGLY.

Since Confederation in 1867, the public expenditure has increased alarmingly. Commencing with \$13,486,092 in 1867-8, it had risen to \$38,132,000 in 1894-5. On July 1st, 1868, the estimated population of the Dominion was 3,520,000. On July 1st, 1895, the estimated population was but little over 5,000,000, showing an increase of population during the period of a fraction over forty-two per cent., while the increase of expenditure for the same period was \$24,646,000, or over 180 per cent. The increase of the net debt during the same period was \$170,454,538, or 225 per cent.

Mr. Mackenzie came into office November 8th, 1873. The expenditure for that fiscal year amounted to \$23,316,316; 1877-8 was his last full fiscal year in office, and the expenditure for that year was \$23,503,158. An increase for the term of only \$186,842. For a portion of the fiscal year ending June 30th, 1879, Mr. Mackenzie's administration was responsible, as it held office till October 10th, 1878, making three months and ten days of the year

The total annual ordinary expenditure for the Dominion in 1878 was	\$23,503,000
The total ordinary admitted expenditure in 1895....	38,132,000
Excess of expenditure over what it was when Mr. Mackenzie left office.....	14,629,000

In 1874 the total ordinary expenditure was \$23,316,000 and in 1879 it was \$24,455,000. During the Liberal regime, therefore, the increase of expenditure was, during the five years, only a little over a million dollars..

The total taxes collected in 1878 amounted to \$17,841,000, and in 1894 to \$27,579,000. Outside of taxes the revenue between 1878 and 1894 only increased by \$4,262,000. (Page xxxii., Pub. Accts., 1894.)

Comparison in Expenditure, 1878, 1893.

Service.	1878.	1893.
Interest on debt.....	\$ 7,048,883	\$ 9,806,888
Charges on debt.....	189,566	212,690
Justice	564,920	736,457
Arts, Agriculture and Statistics.....	92,365	258,635
Civil Government.....	823,369	1,367,570
Fisheries.....	93,262	482,381
Geological Survey.....	96,049	124,512
Immigration.....	154,351	180,677
Indians	421,503	956,552
Legislation.....	618,035	867,231
Mail and Steamship subsidies.....	257,534	413,938
Militia and Defence.....	618,136	1,419,745

Service.	1878.	1893.
Miscellaneous	62,968	284,678
Mounted Police	334,748	615,479
Northwest Government	18,199	276,446
Penitentiaries	308,101	346,353
Public Works	9,469	1,927,832
Superannuation	106,588	263,710
Customs	714,527	901,946
Excise	215,024	387,673
Post Offices	1,724,938	3,421,203
Public Works	97,123	149,390
Railways and Canals	2,375,438	4,086,041

Total expenditure of all kinds..\$23,503,158.....\$36,814,032

Increases since 1893 have gone on and on June 30th, 1895, the expenditure for the preceding twelve months amounted to \$38,132,000, the increases still continue.

Expenditure since Federation.

(ON ACCOUNT OF CONSOLIDATED FUND.)

(See Public Accounts Page xxxii and iii, 1895.)

The total expenditure in each year since 1867 has been as follows:

1868.....	\$13,486,092	1882.....	\$27,067,103
1869.....	14,038,084	1883.....	28,730,157
1870.....	14,345,500	1884.....	31,107,706
1871.....	15,623,081	1885.....	35,037,060
1872.....	17,589,468	1886.....	39,011,612
1873.....	19,174,647	1887.....	37,657,680
1874.....	23,316,316	1888.....	36,718,494
1875.....	23,713,071	1889.....	36,917,834
1876.....	24,488,372	1890.....	35,994,031
1877.....	23,519,301	1891.....	36,343,567
1878.....	23,503,158	1892.....	36,765,894
1879.....	24,455,381	1893.....	36,814,062
1880.....	24,850,634	1894.....	37,585,025
1881.....	25,502,554	1895.....	38,132,005

Comparative Statement.

By selecting the period commencing July 1st, 1881, and ending July 1st, 1891, an exact comparison can be made for the decade between the increase of debt, of expenditure, and of customs taxation on the one hand and the increase of population on the other hand.

Population, 1881, 4,324,810; 1891, 4,832,239; increase, 508,429; percentage of increase, 11.66.

Net debt, 1881, \$155,395,780; 1891, \$237,809,030.

Increase, \$82,413,250; percentage of increase, 53.

Expenditure, 1881, \$25,502,554; 1891, \$36,343,567.

Increase of expenditure, \$10,841,013; percentage of increase, 42.

Taxation by customs duties, 1881, \$18,406,092; 1891, \$23,399,300.

Increase, \$4,993,208; percentage of increase 27.

INCREASE OF THE CONTROLLABLE EXPENDITURE.

The statistics relating to the increase of the controllable expenditure since 1878 are of a most unsatisfactory character. The increase of population between July 1st, 1878, and July 1st, 1893, has not exceeded twenty-one per cent. advance upon the population in the first year named. During the same period

the proportion of increase in controllable expenditure has been very much greater. In 1878 the expenditure on account of Administration of Justice, Arts, Agriculture and Statistics, Fisheries, Quarantine, Indians, Legislation, Militia and Defence, Public Works, Superannuation, Excise, North-west Territories Government, Mail subsidies and Steamship subventions, Civil Government, Adulteration of Food, Mounted Police and Miscellaneous amounted to \$5,256,424. The expenditure for the same purposes in 1893 amounted to \$10,384,272, an increase of ninety-seven per cent. during a period when the population increased twenty-one per cent. Some of the items of increase need no comment, as will be seen by reference to the following statement:

Arts, Agriculture and Statistics, 1878, \$92,365; 1893, \$258,635.
 Increase, \$166,270; percentage of increase, 180.
 Fisheries, 1878, \$93,262; 1893, \$482,381.
 Increase, \$389,119; percentage of increase, 417.
 Quarantine, 1878, \$26,340; 1893, \$101,934.
 Increase, \$76,610; percentage of increase, 287.
 Indians, 1878, \$421,503; 1893, \$956,552.
 Increase, \$535,049; percentage of increase, 126.
 Militia and Defence, 1878, \$618,136; 1893, \$1,419,745.
 Increase, \$801,609; percentage of increase, 129.
 Public Works, 1878, \$997,469; 1893 \$1,927,832.
 Increase, \$930,363; percentage of increase, 93.
 Superannuation, 1878, \$106,588; 1893, \$263,710.
 Increase, \$157,122; percentage of increase, 147.
 Excise, 1878, \$215,024; 1893, \$387,673.
 Increase, \$172,649; percentage of increase, 80.
 North-west Territories Government, 1878, \$18,199; 1893, \$276,446.
 Increase, \$258,247; percentage of increase, 1,420.
 Civil Government, 1878, \$823,369; 1893, \$1,367,570.
 Increase, \$544,201; percentage of increase, 66.
 Mounted Police, 1878, \$334,748; 1893, \$615,479.
 Increase, \$280,731; percentage of increase, 83.

The Public Debt.

The net public debt of Canada, when Mr. Mackenzie left office in 1878, was \$140,000,000; in 1895 it had been swollen to the enormous figure of \$253,000,000, an increase of \$113,000,000. The increase during the year 1894 was \$4,502,000, and the increase for the fiscal year ending June 30, 1895, \$6,892,000. The net debt per head of the population is about \$50, while in 1878 it was only \$34, an increase of forty-five per cent. The net debt of the United States, Federal and State, in July, 1893, was \$16 a head.

The population of Sweden is the same as Canada, and the net debt of Sweden in 1890 was \$13.73 per head, and Sweden has to support an army and navy, and bear many other burdens from which Canada is exempt.

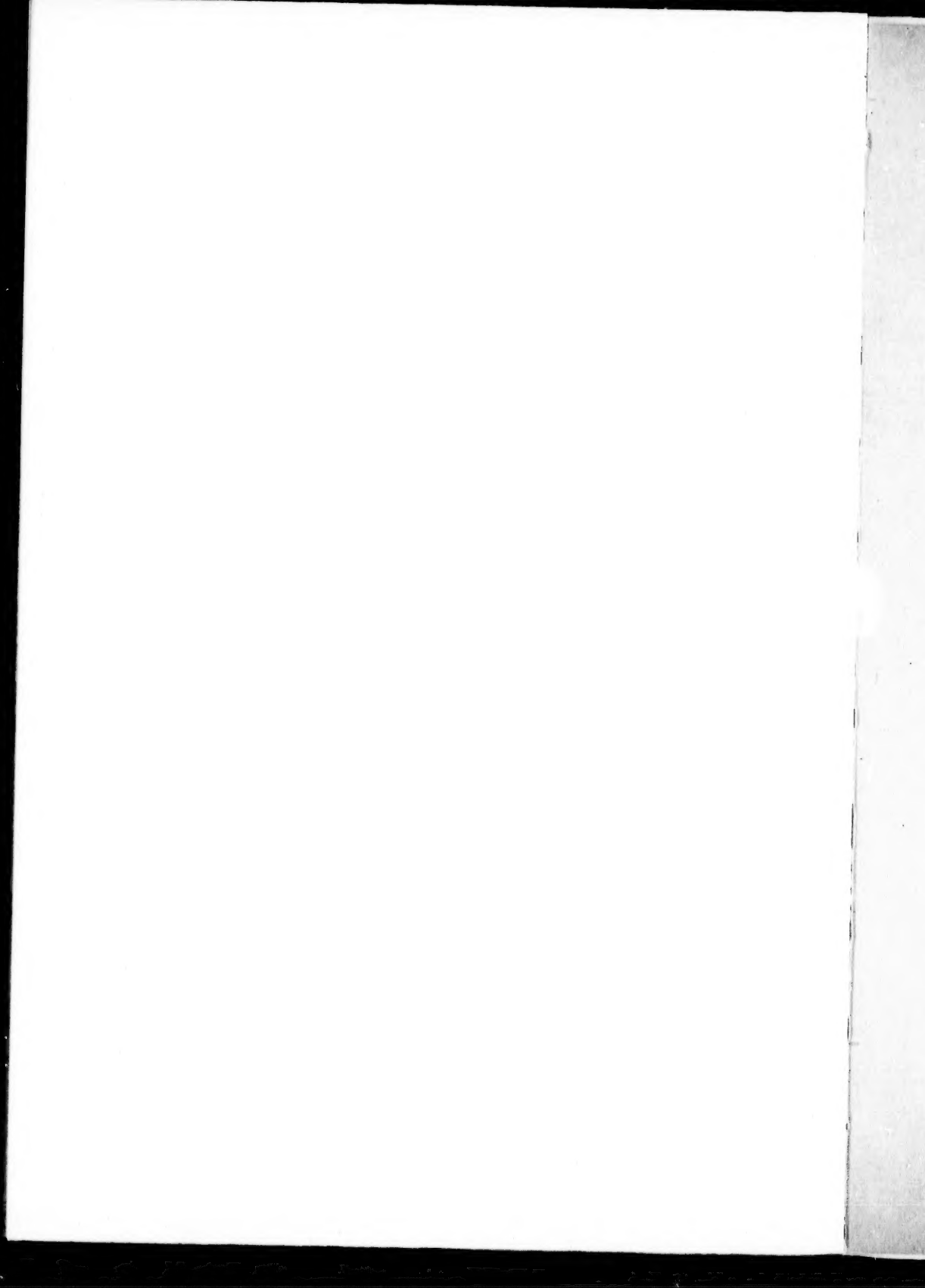
The following table shows the increase of the public debt from year to year since 1878, as taken from the Public Accounts:

1879.....	\$ 2,623,117	1888.....	\$7,216,582
1880.....	9,461,401	1889.....	2,998,682
1881.....	2,944,191	1890.....	3,170
1882 ..(decrease)....	1,734,129	1891.....	275,818
1883.....	4,805,063	1892.....	3,322,403
1884.....	23,695,135	1893.....	549,605
1885.....	14,245,841	1894.....	4,502,000
1886.....	26,751,414	1895.....	6,892,000
1887.....	4,155,668		

Increase under Conservative administration, over.....\$113,500,000

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The Debt—Ten Year Periods.

	1872.	1882.	1892.
Net debt.....	\$82,187,000	\$153,661,000	\$241,131,000
Annual interest....	5,257,000	7,740,000	9,763,000
Net debt of Canada, June 30th, 1895.....			\$253,074,927
Increase of debt during 1895.....			6,892,000
Annual charges, interest and management, 1893.....			10,020,682

It takes one-half of the total customs duties collected in Canada to pay the charges on the debt.

The debt of over \$253,000,000 means a mortgage of over one million dollars on each riding.

Other Debts.

Under ordinary circumstances Canada should have developed enormously along with this immense expenditure of borrowed money. Besides the increase in the public debt since 1878 of \$105,000,000, the people are in debt to the loan companies to the extent of \$109,807,356. (See page X, Government blue book, 1893.) These loans are all secured by mortgage, given, of course, chiefly by farmers. In 1879, when Mr. Mackenzie left office, the amount of these mortgage debts was only \$34,781,000, or less than one-third of what they were in 1892. In 1892 chattel mortgages in the Province of Ontario numbered, according to official returns, 20,000. One of the saddest features of the returns was that the larger proportion of the total number of chattel mortgages was given by farmers. In addition to the loans of which returns are made to the Dominion Government, there were additional loans made by purely provincial companies in Ontario in 1892 amounting to \$6,031,000. This brings the total loans on mortgages, of which official returns are made, up to \$115,000,000, secured by mortgage on real estate, and \$10,045,000 secured by mortgages on chattels.

A measure of the burdens imposed upon the Canadian people since the inception of the National Policy is seen in the following figures, of liabilities incurred since 1879:

Increase of public debt.....	\$112,000,000
Increase of mortgage debt.....	85,000,000
Debt for railway bonds.....	280,000,000

Total.....\$477,000,000

In addition to all this, the amount taken from the people by taxation in excess of the requirements of honest and economical government, and for the benefit of private interests, has to be added on, as well as 50,000,000 acres of land disposed of into the hands of corporations.

Deficits.

It is the fashion to sneer at the Liberal administration of the finances as an "era of deficits," but Liberals have no cause to fear comparisons as to deficits. The fact is that the Conservative administration, which replaced Mr. Mackenzie's, had a larger deficit in one year than the Reform administration had during the whole five years of its existence. The Liberal Government had a surplus both in 1874 and 1875 of \$888,000 and \$935,000 respectively. There were deficits in 1876, 1877 and 1878, amounting in all to \$4,489,000. The Conservative deficits since Mr. Mackenzie's time have been as follows:

1879.....	\$1,937,999	1888.....	\$ 810,031
1880.....	1,543,227	1894.....	1,210,332
1885.....	2,240,058	1895.....	4,153,875
1886.....	5,834,571		

These deficits show that though taxation is high sufficient revenue is not raised to meet the annual expenditure.

Interest Goes Abroad.

Since the Government finds itself impotent to transact the most ordinary business that falls to its hand, what ground is there for expecting that it will show any capacity for meeting and solving the great problems that confront the country? In finances there is a crying need for the reduction of taxation, for large and wise economies, for a halt in the piling up of the national debt, for a reduction in the enormous sum that annually goes out of the country to meet the demands of those from whom we have borrowed money. For the current year the amount for interest and sinking fund is almost \$13,000,000. The great bulk of this enormous sum is paid to people living out of the country and constitutes a fearful burden for 5,000,000 of people to bear. It would not be difficult to trace some portion of the hard times to this great annual drain.

Products to Pay the Interest.

An examination of the Trade returns will show that in 1893 it took the gross total of the exports of the following articles to Britain to meet what we owe her investors as interest on our national debt:

Horses	\$ 223,035	Lard	\$ 20,446
Cattle	6,307,448	Tallow	8,765
Sheep	41,982	Eggs	243,889
Swine	1,370	Barley	25,817
Mutton	1,132	Oats	907,231
Pork	105	Peas	1,203,631
Bacon and hams	300,673	Rye	14,890
Beef	1,219	Oatmeal	179,552
Meats	787,047	Apples	185,534

The meaning of this is that the payments from these items of agricultural exports never return to enrich the channels of commerce, but are year by year alienated in the mere duty of paying the interest on the public debt. What hope is there that the weakling administration now tottering on to a general election will do anything to apply a curb to this wholesale devourer of industry? There is absolutely no hope. Its past record affords none. Year by year the burden becomes greater, and in spite of the heavy taxation, which the people have borne with wonderful patience, deficit has succeeded deficit, to add to the already heavy interest-bearing debt, making the prospects for a halt and for a change more and more remote.

Receipts from Taxes.

(See *Inland Revenue and Trade and Navigation Returns*)

The following table shows the amount of money collected each year since Confederation in taxes, both customs and excise:

1869.....	\$11,112,000	1879.....	\$18,476,000
1870.....	13,087,000	1880.....	18,479,000
1871.....	16,320,000	1881.....	23,942,000
1872.....	17,715,000	1882.....	27,549,000
1873.....	17,616,000	1883.....	29,269,000
1874.....	20,129,000	1884.....	25,483,000
1875.....	20,664,000	1885.....	25,384,000
1876.....	18,614,000	1886.....	25,226,000
1877.....	17,697,000	1887.....	28,687,000
1878.....	17,841,000	1888.....	28,177,000

1889.....	30,618,000	1892.....	28,446,000
1890.....	31,587,000	1893.....	29,321,000
1891.....	30,314,000	1894.....	27,579,000
Taxes collected during last five years		\$147,247,423	
" five years Liberal administration		94,199,083	

Excess Under Conservatives\$53,048,340

This is over \$10,000,000 a year taken from the people in taxation in excess of the requirements of the Liberal regime.

In 1894-95 the receipts from these taxes amounted to \$25,717,117.47.

N. P. Taxes.

Since 1879 the people have paid the following sums in customs duties alone :

(See *Trade and Navigation Returns*.)

1879.....	\$12,939,000	1887.....	\$22,469,000
1880.....	14,138,000	1888.....	22,209,000
1881.....	18,500,000	1889.....	23,784,000
1882.....	21,708,000	1890.....	24,014,000
1883.....	23,172,000	1891.....	23,481,000
1884.....	20,164,000	1892.....	20,550,000
1885.....	19,133,000	1893.....	21,161,000
1886.....	19,488,000	1894.....	19,200,000
Custom taxes last five years		\$108,408,000	
Custom taxes Liberal five years		67,960,000	

**Increase under N. P. for period of
five years alone \$40,448,000**

For the year 1895 the customs duties alone amounted to \$17,887,269.47.

When Mr. Mackenzie entered office the taxes, customs and excise, collected for the year amounted to \$20,129,000. The taxes collected for the year 1878 amounted to \$17,841,000, a reduction of something like two and a half millions of dollars. Under the N. P. these taxes were increased in fifteen years by \$12,000,000.

In addition to this it is estimated that the people paid several times as much to the protected manufacturers, the trusts and combines, and monopolies, which exist by reason of the tariff, as they do into the national treasury through the customs houses.

A DOUBLE MISSTATEMENT.

Among the many misstatements by which Government writers and speakers attempt to divert attention from their own misdeeds and to insinuate that, at any rate, they are no worse than their predecessors there are two which deserve to be more especially exposed.

One is the attempt to hold Mr. Mackenzie responsible for the great increase of expenditure which occurred from 1873 to 1874 (Mr. Mackenzie's first year of office) when our annual expenditure was raised from nineteen millions to \$23,300,000.

The actual fact is that Sir John Macdonald went out of office in November, 1873, having incurred an annual outlay of \$24,200,000.

The items are as follows :—

1. Mr. Tilley's original estimate	\$20,941,183
2. " first sup. estimate	368,340
3. " second "	57,000
4. " third "	100,000

STATUTORY.

5. 36 Vic., chap. 30 and 41, increase subsidies.....	819,349
6. 26 Vic., chap. 31, increase salaries.....	300,000
7. 36 Vic., chap. 40, admission Prince Edward Island..	418,000
8. 36 Vic., chap. 35, Mounted Police.....	200,000
8. Balances carried on by Order in Council.....	480,282
10. Other expenses incurred under Order in Council as detailed in schedule A	600,000

Totals by Mr. Tilley.....\$24,285,009

Of this sum Mr. Mackenzie only spent \$23,316,000, thus keeping *nearly a million* below Sir John A. Macdonald's estimates and statutory expenditures.

N.B.—Sir John had made *no* provision by increased taxes for any part of this additional outlay.

The second false charge is to accuse Mr. Mackenzie of being responsible for a large addition to the public debt between 1874 and 1878.

The best answer to this is to quote Mr. Tilley's budget speech of 1st April, 1873, in which he states:

"We are, however, entering upon new and increased engagements involving a very large amount of money.

"We are entering upon works—we have already done so—which will require a large increase of our debt.

"We have \$10,000,000 to expend on the Intercolonial Railway.

"We have \$30,000,000 for the Canadian Pacific Railway and the canal system that has been accepted by the Government will involve an expenditure of at least twenty millions.

"These are serious matters as they add *sixty millions* to our existing debt.

"We have a total amount guaranteed of £5,400,000 sterling, or \$26,000,000, which we can obtain at four per cent.

"On that item alone we have therefore an annual charge of one million and forty thousand dollars on the \$34,000,000 remaining. The annual charge at five per cent. will be \$1,700,000.

"For sinking fund at one per cent. we require \$600,000 and commission \$27,400, making a total annual charge when these works are completed of \$3,367,400."

It will be seen therefore that Mr. Mackenzie had to provide:

1st. For an additional annual charge of *four millions* (and more) a year over the charge of 1873, and

2nd. For an addition to our debt estimated by Mr. Tilley as at least \$60,000,000 and involving a further annual charge of over \$3,300,000—in all a further charge of \$7,300,000 a year.

These things it was not in Mr. Mackenzie's power to repudiate and when in the case of some of them, *e.g.*, the construction of the Canadian Pacific Railway, he asked for more time, the people of British Columbia, *backed by the Conservative party*, raised the most unreasonable clamour and appealed continually to the Imperial Government to compel Canada to fulfil her bargain.

The truth is that an immense amount of these entangling and embarrassing engagements were deliberately created by Sir John Macdonald in the hope of bribing his supporters and certain of the provinces to stand fast to him against the impression created by the C.P.R. scandal of 1873 and in the full expectation that if they failed of this effect, he would leave behind such an intolerable legacy to his successors that they would be compelled to impose very heavy additional taxes and find themselves profoundly embarrassed from the very outset.

It is quite evident from the speeches of the two Tupper and others that a similar game is being attempted now and that if they succeed Canada will have to face several millions added to her annual expenditure, equal probably to an addition of over *one hundred millions* to her present huge debt.

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